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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
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The Honorable George W. Bush
The White House
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Mr. President:

While I commend you for addressing the mortgage crisis facing our country, I am concerned that the plan you announced on December 6 is not expansive enough to help our most vulnerable citizens. With hundreds of thousands of homeowners presently struggling to pay recently adjusted rates, and an estimated 1.8 million subprime loans scheduled to reset over the next two years, the time is now for our nation to implement a comprehensive solution for relief. The plan has a laudable goal: preserving the American dream of home ownership. It seems, however, that your proposal will help investors, lenders and securitizers more than those who truly need the help – citizens in danger of losing their homes.

The plan, developed in consultation with investment banks and mortgage lenders, is effectively voluntary and would compel only a small portion of subprime lenders to mitigate the fallout from their questionable lending practices. Further, the plan does not go far enough to help borrowers who, with a little assistance, could pay their mortgages and keep their homes.

According to the New York Times, one of the financial industry's lead negotiators on the plan estimated that at most 20 percent of subprime borrowers whose payments will increase sharply over the next 18 months — 360,000 out of 1.8 million people — would qualify for the special five-year freeze on interest rates you propose. Given the advanced stage of this crisis, and the disastrous impact it will have on our entire economy, I believe this approach is too limited. Respectfully, I would like to suggest an alternative course.

First, since your proposal only covers mortgages resetting from January 1, 2008, through July 31, 2010, more than 400,000 families whose interest rates have reset during the last quarter of 2007 will be excluded. To be effective, the recovery plan should be expanded to assist these borrowers.

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Second, I am dismayed that your proposal only offers to freeze interest rates for borrowers in subprime loans who took them out between 2005 and this summer, and have credit scores less than 660. By doing so, the plan offers no relief to those borrowers with good credit who were unfairly steered into subprime loans; a common practice in minority and underserved communities. This plan does not assist the estimated 1.4 million borrowers who have good credit, but still are at risk of foreclosure due to the drastic adjustment of their loan rates.

To better address this issue, loan rates should be frozen on all subprime loans or, at the very least, made available to all borrowers who can afford to pay the loan at the current rates. By doing so, the plan would effectively stem foreclosures for all at risk, not only those with bad credit. Clearly, the problem we are facing is in large part a result of borrowers being placed in loans that they could not afford, or not receiving full disclosure of the terms.

Third, your proposal does not provide relief to borrowers that have been more than 30 days late on a payment. These are the very citizens who are most in need of help and should be included in the plan.

Finally, if the goal is to stabilize the market, any proposal must include a plan to stem the expected rise in foreclosures. Clearly, foreclosures hurt more than simply those who lose their homes. According to the Center for Responsible Lending, foreclosures depress the value of all surrounding homes, so you end up with a spiral effect. Therefore, any proposal must incorporate a plan to place a limited moratorium on foreclosures.

Mr. President, in response to this unprecedented fiscal and humanitarian crisis, the American people need a robust and aggressive solution. I hope you will favorably consider my suggestions for broadening the proposed relief.

I eagerly await your response.

Sincerely,



Albert R. Wynn
Member of Congress

CC: Henry M. Paulson Jr., Secretary of the Treasury
Ben S. Bernanke, Federal Reserve Board Chairman
Representative Carolyn Cheeks-Kilpatrick